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CLASS: SPECIFY AID OF SEA POWER

DISPATCH NO. MAY-A 6185
(ELZ/3054)

SECRET
CLASSIFICATION

TO Chief, Foreign Division M
Attention: ☐
FROM Chief of Station, Vienna ☐

DATE: 25 July 1950

SUBJECT: GENERAL: Operational
SPECIFIC: ☐

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Reference: MAY-A 6105 (ELZ/3043)

1. Attached, for incorporation into the ☐ files, are translations of two reports prepared by ☐ for the ☐ Agent of the Wilmington Project, who turned them over to ☐ on 17 July 1950. The Wilmington agent is rather vague as to the date the reports were written, but believed it was some time in April 1950.
2. In his account of his intelligence activities, ☐ is reasonably accurate up to and including paragraph 15 of Attachment I. From there on his account is colored by the fact that he is attempting to get more money.
3. In MAYA-3603 the question of paying ☐ the 5,000 schillings was raised and approval ☐ by Headquarters. However, the payment was not made in ☐ absence in the U.S. The facts on the termination of ☐ are contained in Appendix I of MAY-A-3203.
4. The principal agent of the Wilmington Project describes ☐ as being quite destitute and is willing to transmit the 5,000 schillings if we decide to pay ☐. The Wilmington agent has extracted all the information he can from ☐ on his particular field of interest, except for one report which he will pick up in the near future. The Wilmington agent feels, and Madhurst is ☐ to agree, that payment of the 5,000 schillings may help to keep ☐ from becoming a vociferous enemy of the United States.
5. ☐ is currently a frequent visitor at the house of ☐ and ☐ is functioning as ☐ secretary.
6. The description of Theodor von ALBERT, contained in Attachment II, is at variance with the picture presented while the ☐ operation was still functioning. A translation of a biography, presented at the time, is appended to the first copy of Attachment II for incorporation into the files.

2 - Wash w/3 incls
2 - Wien w/3 incls
2 - Salzburg w/2 incls

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CENTRAL INTELLIGENCE AGENCY
SOURCES/METHODS EXEMPTION 382B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2006

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Vienna Comment: We are authorizing payment in accordance
with MAY-M-1641.

[—]

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ATTACHMENT I

INTELLIGENCE ACTIVITIES

Translation of report prepared by [] for S/A []

1. I have known Fritz MOLDEN personally since 1937 and was in fairly regular contact with him from 1938 until 1945. I am also on fairly friendly terms with his brother, Otto MOLDEN.
2. In the summer of 1946, at the International Convention of University Students in Alpbach (also called the Austrian college), which was directed by Otto MOLDEN, I met a Harold FRIEDRICHSEN. Thereafter I met FRIEDRICHSEN once or twice every three months. In the spring of 1947 FRIEDRICHSEN helped me establish contact with the Youth Section of USACA (Captain GROSSMAN) in connection with the Youth Group which I had organized.
3. In the summer of 1947, at a second International Student Conference in Alpbach, which I helped organize, I again met FRIEDRICHSEN. In the fall of 1947 I gave him my first study on the work done by German cryptographers in the field of front line cryptographic intelligence in Russia. I also prepared a study on the methods of working against Russia in the cryptographic field. These reports were transmitted by FRIEDRICHSEN to Mr. [] []
4. In the fall of 1947 I was requested by Fritz MOLDEN to give him information on the Communist Youth Movement (FCyJ). For this purpose I had three friends, who were experienced youth leaders, enter the FCyJ. Within a short while the three had reached high positions in the organization (Project Cobra). At the same time (fall of 1947), at the request of Fritz and Otto MOLDEN, I took part in a project to organize the Austrian youth prepared to work actively against Communism. In this connection I met BLUTHESEN in Vienna and Georg GAUFF and Dr. Kenneth KOTTULINSKY in Salzburg. I also worked with Dr. STRACHWITZ, whom I had known since 1937. I first met GAUFF in 1931.
5. In December 1947 Mr. [] contacted me as a result of the two studies which I had prepared for FRIEDRICHSEN. I was not allowed to continue my contact, presumably at the insistence of Fritz MOLDEN. The penetration of the FCyJ, undertaken on behalf of Fritz MOLDEN, was expanded to the creation of another group organized by my friend, Herbert BAUMANN, whose wife is a Communist official and works in the Soviet telephone censorship headquarters in Vienna, Schiller Platz.
6. BAUMANN, whom I also first met at Alpbach, is president of the Academic Freedom Fighters, a non-partisan student organization with connections in all parties.
7. In the summer of 1948, a certain Alfred MLKOVSKY was introduced to BAUMANN by the secretary of the Academic Freedom Fighters, Theodor ALBRECHT. Up to this time, MLKOVSKY had been collecting intelligence on the eastern countries for a certain Josef Adolf URBAN. He too was married to a Communist girl, important in the Communist Youth Movement, and he seemed to be able to produce good material.
8. On the advice of Fritz MOLDEN, MLKOVSKY was built into the BAUMANN intelligence organization, however, in such a way that he did not meet other members of the group.

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entered the left-wing Socialist Party (SCHARF) and a number of others entered the Communist Youth Movement. Furthermore, through a friend, Otto VESSELY of the Concentration Camp Association, I established contact with the State Police and its Vienna Chief, PETERLUNGER. I had three meetings with PETERLUNGER which helped to clarify the situation which can be described as follows:

MLKOVSKY apparently for some time had been "doctoring" and "improving" his information for the purpose of impressing me and bringing something really worthwhile. He did not do this with bad intention or with anyone's orders. His "doctoring" consisted chiefly of presenting vague rumors as proven facts and casual friends as regular witting informants. Since he got around quite a bit and heard quite a bit, there was always an element of truth in his reporting. When URBAN was released from prison, he came to MLKOVSKY for help and asked him to provide him with intelligence reports with which he could again set himself up in business. MLKOVSKY provided reports to URBAN, but curiously enough, for nothing. URBAN repaid him by introducing him to new potential sources in Vienna, including BOMIGUTT and EVANIKOW, with whom MLKOVSKY exchanged information. Furthermore, in order to be of help to URBAN, MLKOVSKY greatly increased the degree of "doctoring" information and gave his imagination full play. As a result, during a period of three weeks (mid-December 1948 to early January 1949), a large number of almost completely falsified reports were passed to URBAN and sold to any number of other customers. I was able to establish that PETERLUNGER received MLKOVSKY's reports twenty-four hours later from URBAN and three days later from the French IS.

15. The LUBER Project (MLKOVSKY Project) was liquidated in January 1949. Special care was taken that I would not be endangered. MLKOVSKY promised to withdraw completely from intelligence work. Since that time I have had no intelligence contact with him. I have seen him two or three times when he has come to borrow money. All the steps taken by me on the MLKOVSKY affair were taken with the knowledge and approval of Mr. SCHAFER who acknowledged that, in view of the great difficulties inherent in the situation, I had handled the matter very well. In February and March 1949 I dropped all contacts not immediately necessary (to my positive intelligence collection), including contact with the State Police. I continued to use only my own trusted group. It became evident that my group was able to work independently and that they were not only able to produce good intelligence but to work actively in breaking up Communist Youth groups.

16. Mr. SCHAFER was most interested and helpful in the building up and expansion of my work. On 30 April 1949, I had a sporting accident which resulted in the crushing of my knee. In order to be able to continue my work, I took a private room in a hospital. My health insurance did not cover the cost of the private room but Mr. SCHAFER promised to help pay the expenses. In the hospital, Mr. SCHAFER promised further to obtain a new sponsor for my project since he stated that the existing budget of 5,000 schillings per month was no longer sufficient to support my work or even to pay operating expenses. (I was then paying from thirty to forty persons.) In this Mr. SCHAFER was correct since at the time I

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was frequently forced to put money obtained from my parents into the venture. When I got out of the hospital in early June 1949, I did everything possible to get my group into operation again.

17. At this point, in mid-June 1949, Mr. SCHAFER, who up until that time had been advising me to build up my organization as fast as possible, surprised me with the unpleasant news that my project must be considered terminated as of the end of June and that he had not received approval for the support of a new project. After considerable discussion we agreed that the 5,000 schillings allotted to the project for June 1949 should be used to support those members of my group who did not have other sources of income and that I should try to keep my organization alive since approval of a new project could be expected soon.

18. At the beginning of July 1949 the June budget was not forthcoming. Since, however, I had more or less contractual obligations to members of my group, I took the necessary money from the funds of the youth organization which I conducted (funds collected for the construction of a youth hostel), on the understanding that the 5,000 schillings from Mr. SCHAFER would be forthcoming. In mid-July 1949, Mr. SCHAFER informed me that it would take longer to get the money since there was an accounting problem as to whether the money had been paid in advance or at the end of the month. It was his understanding and mine that we had been getting the money at the end of each month and that, therefore, the June budget was normally paid out on or about 1 July. Mr. SCHAFER promised to intercede and promised that he would get the money.

19. In September 1949, Mr. SCHAFER informed me that his intervention had had no success and that he was leaving Austria. He assured me, however, that in two weeks or at the latest in November, I could count on (a) receiving the 5,000 schillings and (b) receiving approval for the continuance of my work which he regarded as most promising. He urged me to continue my activity and said that if I needed anything important, I was to call the telephone number at his office.

20. By November 1949 I had heard nothing from Mr. SCHAFER. At that point I was 10,000 schillings in debt, including the 5,000 schillings for June which I had borrowed from my youth organization, 4,500 schilling expenditure for doctor and hospital bills and 5,00 schillings miscellaneous debts. I had no idea what to do with my group which in parts was still functioning well. I felt the need not only of financial but of moral backing and I needed assistance in case anything went wrong.

21. I called the number given me by Mr. SCHAFER and a meeting was arranged with a man, whom I cannot identify, in the Allianz Building. Since this man did not know the background of the story, and since my knowledge of English was not sufficient to explain everything, our conversation was not too satisfactory. The man promised to communicate with me in two weeks. Since then I have heard absolutely nothing.

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ATTACHMENT II

Theodor von ALBERT

Attached to the original ☐ report was a report on one Theodor von ALBERT, which is translated below.

Theodor von ALBERT: Nephew or great nephew of the former Great POOLYEVSK (allegedly, according to his own statement); son of a former Great Minister to Bratislava. During the war he worked for the SD of the SS in Bratislava (according to a colleague of ALBERT's during his service in Bratislava). From time to time ALBERT worked extremely closely with the SD chief, ROSENBERGER. Toward the end of the war he was in charge of the SD Department in Bratislava concerned with the fight against the Slovak Resistance Movement. Along with several other Czech agents he penetrated the Slovak Resistance Movement.

With papers obtained during this penetration, he escaped to Austria and presented himself as a member of the resistance movement. He joined a number of anti-Nazi organizations. In this manner he became, for a time, secretary for Vienna of the "Academic Freedom Fighters" and secretary of the so-called "Austrian College". While working for the "Academic Freedom Fighters" a number of "questionable characters" entered the organization, including a Dr. (fma) HELM, who is a black market operator and is assumed to be an agent for an Eastern power.

It is absolutely certain that ALBERT was one of the first collaborators of Josef Adolf URBAN and was presumably his chief representative in Vienna.

Through members of the "Academic Freedom Fighters" organization, he came into contact with Ing. Richard WOLF (pre-Soviet General Secretary of the Democratic Union). He became his private secretary. At the same time he was an announcer at the Red-White-Red radio station in Vienna (Slovak language). As secretary to WOLF, ALBERT tried for two years to obtain recognition for the Democratic Union from the Allied Council. In this connection he claims to have dealt with a secretary of the Allied Council named TOPOL (fma phonetic).

In December 1949, ALBERT assisted WOLF in a campaign to blacken the reputation of all former Democratic Union supporters who disapproved of the pre-Soviet policy of the Party.

ALBERT must be directly in contact with several intelligence organizations to which he sells information. His reports to the French are sent to a member of the French Legation named Olek (?) von FRITZWITZ. Furthermore, he has excellent contact with Dr. FRUCHMAN of the Austrian Ministry of Interior, who is supported by the French and who himself is extremely pro-French.

ALBERT belongs to the class of "systematic intelligence exchangers". He trades intelligence reports with members of other intelligence agencies and sells what he gets in trade as his own product. His motivation is primarily financial. For a while he drew salaries from the Red-White-Red radio station, the Democratic

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9. In the fall of 1948, three important changes took place:

- (a) Fritz MOLDEN moved to the United States
- (b) MOLDEN's American contact in Vienna [] was recalled to the United States.
- (c) U.S. authorities stopped all support for the group organized by the MOLDEN brothers to combat Communism. Up to that point the group had been financed by private American means.

10. The above changes resulted in the following:

- (a) The entire project formerly run by Fritz MOLDEN and [] was turned over to me although I was not really in a position to undertake the running of such a project.
- (b) [] was replaced by a [] who considered the work done to date a hopeless mix-up (ein wildes Durcheinander).
- (c) The active anti-Communist aspects of the MOLDEN project were dropped and the Salzburg group (GAUFP) was converted to an intelligence collecting agency.

11. My contact with GAUFP was maintained for the time being and we exchanged information. This seemed necessary because GAUFP had good contacts with the Americans (particularly with IMCOF and his Salzburg chief, "Ohle or something similar"). In October 1948, at the request of Mr. SCHAFER, I dissolved my contact with GAUFP. Since then I have seen him only once for personal reasons but have had no official contact. Whereas previously my collaboration with GAUFP had been considered desirable by the Americans, after October 1948, GAUFP and I appeared to be working for separate U.S. intelligence services which were competing with one another.

12. Initially, my work with MLKOVSKY was approved of and supported by Fritz MOLDEN and later by GAUFP. However, after October 1948 I alone was responsible for him. MLKOVSKY's information was partially sensational. He was able to support his information with original documents. In spite of this, I was distrustful of him from the outset. This distrust was based on flaws in his character. I mentioned my misgivings repeatedly to Mr. SCHAFER who agreed with me, and I tried in every way to check MLKOVSKY's information and movements.

13. Up to November 1948 MLKOVSKY's record appeared clear. However, in December 1948 evidence began to pile up that the information and documents provided by MLKOVSKY were phony (invented by himself) and that his information reached several customers. At the same time I discovered that MLKOVSKY's former boss in intelligence matters, Josef Adolf URBAN, had been released from the Austrian prison in Linz as a result of the intervention by the Chief of the Vienna State Police, FERNELAUER.

14. At my last meeting with GAUFP, he had demonstrated to me the danger of falling for phony documents (Madhurst Comment: Refer to KPO's information from Edward BRAUNEGG). Therefore, I undertook immediate steps to clarify the MLKOVSKY case. For this purpose I created a new group which was to check the information by penetrating the circles from which MLKOVSKY's sources came. Four of my men

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Union from various intelligence organizations ☐ ☒ Comment: Including ☐ and at the same time drew unemployment compensation from the Austrian Government.

In recent months (spring of 1960) ALBERT has been working with the former functionary of the Democratic Union, HOLEC. The two are partners in extensive black market deals. (HOLEC and ALBERT are involved in the DEINL affair involving two million schillings, which was publicized in the Austrian press after DEINL was released on a 20,000 schilling bail.)

HOLEC is allegedly working for a German intelligence group and ALBERT is believed to be involved. It is not known whether this is the URSAN group or some other one.

HOLEC and ALBERT were expelled from the Democratic Union in 1960 because they had caused file material (including Ing. WOLF's diary) belonging to the Party to disappear and had attempted to use the Party machinery for intelligence purposes.

It is not clear from Ing. WOLF's statements whether ALBERT is working for the East or the West. WOLF himself believes that ALBERT is selling information to both sides. It is interesting to note in this connection that the Communist City Councilman of Vienna, MALLER, at one time claimed to be completely informed about the goings on within the Democratic Union since he had "his people" sitting in the Party Councils. WOLF has described ALBERT as a "systematic liar and well poisoner".

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Income: since July 1948 has earned about 600 schillings (1 monthly) as speaker on the Rot-Weiss-Rot radio station. Has to support his family. Has no property since the Czechs and Russians have plundered everything.

In 1944 was ordered to appear before the Gestapo but managed to flee from Vienna.

Anti-Nazi Activities:

1939-41 assisted Austrian refugees.

1941-45 was courier for the Austrian, Hungarian and Slovakian resistance movements, worked for the intelligence service and in hiding and enabling the flight of political persecutees.

Contacts: Has connections in all the Austrian circles and with emigrants from Southeastern Europe, especially Yugoslavia.

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ALBERT, Theodor von

Address: Vienna VIII, Pfeilgasse 32/9; phone A-22724 or A-22924

Was born on 9 October 1922 in Planegg near Munich. Present citizenship status not clarified - was citizen of Yugoslavia from 1922 to 1941, from 1941 to 1945 was citizen of Croatia; since 1945 has been stateless but would like to obtain Austrian citizenship.

Is 179 cm tall, weighs 66 kilograms, is slender, has greyish blue eyes, blond hair, but no distinguishing marks or characteristics. Was in the Wehrmacht.

Educational: 4 yrs elementary school, 8 years high school, 1 semester law in Pressburg, 5 semesters law school in Vienna, 3 semesters international trade school in Vienna. Speaks Serbo-Croatian, German, Hungarian perfectly, and Slovakian, French and English fair. Studied Latin in school.

Employment: Has worked for two export firms and has had experience in the newspaper field by working for the "Internationalen Wirtschaft", Vienna I, Bankgasse 1.

Travel since 1938:

Was in Belgrade from 1938-41 with his parents; his father worked there. From 1941-45 visited his parents in Pressburg.

Association Membership: Has never belonged to a political party. From 1939-41 was a member of the "Kreuzfahrer" which is an Evangelical youth movement in Belgrade. From 1947-48 belonged to the "B.D.F.O.s.", and since March 1948 has been a member of the Oesterreichisches College.

Parents:

Father: Theodor Albert, born on 7 March 1887 in Teasovar; was a Legationerat but is now retired. Mother: Georgine nee Zagar, born 15 March 1896 in Velika Ustoca; has a degree in philosophy. Sister: Georgine, born 20 December 1923 in Munich.